



New Update On “Transitional Reinsurance Program Assistance Fee”



The massive 236-page regulation, to be released by Health and Human Services (HHS) on Oct. 30, addresses Reinsurance Contributions by Self-Funded Entities. The regulation contains a short paragraph that promises a change on how the regulation impacts self-funded entities. The regulation, entitled “Program Integrity; Exchange, Premium Stabilization Programs and Market Standards; Amendments to the HHS Notice of Benefit and Payment Parameters for 2014” mentions that HHS plans to alleviate the burden of the reinsurance contributions to self-funded plans. HHS says, “we intend to propose in future rulemaking to collect reinsurance contributions in two installments. The reinsurance contributions for reinsurance payments and administrative expenses would be collected at the beginning of the calendar year following the applicable benefit year, and the contributions for payments to the U.S. Treasury would be collected at the end of the calendar year following the applicable benefit year. We also intend to propose in future rulemaking to exempt certain self-insured, self-administered plans from the requirement to make reinsurance contributions for the 2015 and 2016 years”.

WHAT DOES THIS MEAN?



Simply put, the regulation says that employers that self-fund and self-administer their health care plans would be partially exempted from the health care reform law “Transitional Reinsurance Fee” under new HHS rules. Groups subject to the exemption would not have to make reinsurance fee contributions for 2015 and 2016. They would, however, still be required to pay the first-year fee payments for 2014 in two installments, at the beginning and end of the year.

WHY NOW?

The change in the regulation is in response to criticism by business groups and employers with self-funded plans who are required to pay the transitional reinsurance fee, but receive no direct benefit. The transitional reinsurance fee was discussed in the Senate during the deliberations on the Continuing Resolution to end the government shutdown. The legislative language was not included in the final debt bill.

REVIEW OF THE FEE!

The Transitional Reinsurance Fee is a \$63 per head fee that would apply to all self-funded plans in 2014. The Transitional Reinsurance Fee is a three-year fee that begins in 2014, with different fee levels for 2015 and 2016. The fees are intended to generate \$25 billion over the three-year program. Revenues generated by the fee are to be used to help offset costs incurred by insurers covering high-cost individuals purchasing coverage in the public exchange/marketplace.

SecureOne Benefit Administrators, Inc.

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Transitional Reinsurance Program Assistance Fee Cont.

IMPORTANT DATES TO REMEMBER

2014-2016—HHS proposes a \$63 reinsurance fee per year per covered life contribution rate under the ACA Transitional Reinsurance Program. HHS will set contribution rates for 2015 and 2016.

November 15—Submit annual enrollment count of average number of covered lives to HHS.

December 15 or within 15 days of submission of annual enrollment count, whichever is later—HHS notifies self-funded plans and insurers of the reinsurance contribution amount for the year.

Within 30 days of notification—Self-funded plans and insurers must remit reinsurance contributions to HHS.

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